

673.

(A) EXCEPT WHEN THERE IS A WRITTEN CONTRACT IN FORCE BETWEEN THE MANAGING GENERAL AGENT AND THE INSURER, NO MANAGING GENERAL AGENT MAY PLACE BUSINESS WITH AN INSURER OR MAINTAIN LOSS RESERVES FROM WHICH CLAIMS AGAINST AN INSURER MAY BE PAID.

(B) THE CONTRACT SHALL, AT A MINIMUM:

(1) SET FORTH THE RESPONSIBILITIES OF EACH PARTY AND SPECIFY THE DIVISION OF RESPONSIBILITIES WHERE FUNCTIONS ARE SHARED;

(2) CONTAIN A PROVISION THAT THE INSURER MAY:

(I) TERMINATE THE CONTRACT FOR CAUSE UPON WRITTEN NOTICE TO THE MANAGING GENERAL AGENT; AND

(II) SUSPEND THE MANAGING GENERAL AGENT'S UNDERWRITING AUTHORITY DURING THE PENDENCY OF ANY DISPUTE REGARDING SUCH TERMINATION;

(3) REQUIRE THE MANAGING GENERAL AGENT TO:

(I) RENDER ACCOUNTS TO THE INSURER DETAILING ALL TRANSACTIONS; AND

(II) REMIT AT LEAST MONTHLY ALL FUNDS DUE UNDER THE CONTRACT TO THE INSURER;

(4) REQUIRE THAT:

(I) ALL FUNDS COLLECTED FOR THE ACCOUNT OF AN INSURER BE HELD BY THE MANAGING GENERAL AGENT IN A FIDUCIARY CAPACITY IN A FEDERALLY INSURED FINANCIAL INSTITUTION; AND

(II) ALL PAYMENTS ON BEHALF OF THE INSURER BE MADE FROM THIS ACCOUNT;

(5) PROHIBIT THE MANAGING GENERAL AGENT FROM RETAINING MORE THAN 3 MONTHS ESTIMATED CLAIMS PAYMENTS AND ALLOCATED LOSS ADJUSTMENT EXPENSES;

(6) REQUIRE THE MANAGING GENERAL AGENT TO:

(I) MAINTAIN SEPARATE RECORDS OF BUSINESS WRITTEN ON THE INSURER'S BEHALF; AND

(II) PERMIT BOTH THE INSURER AND THE COMMISSIONER TO HAVE ACCESS TO THOSE RECORDS;